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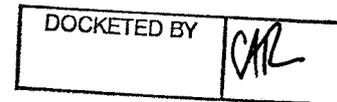
November 1, 2004

**HAND DELIVERED**

Arizona Corporation Commission  
Utilities Division – Docket Control  
1200 W. Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

NOV - 1 2004



Re: UniSource Energy Services Progress Report  
Docket Nos. E-01032C-00-0751, G-01032A-02-0598, E-01933A-02-0914, E-01032C-02-0914, G-01032A-02-0914  
A.C.C. Decision No. 66028

Pursuant to A.C.C. Decision No. 66028, UniSource Energy Services (“UES”) files this progress report on the negotiations to restructure the Pinnacle West Capital Corporation (“PWCC”) Power Supply Agreement (“PSA”).

Given current and projected energy prices, and the comparably lower cost of the existing PWCC PSA, UES has had limited discussions with PWCC on renegotiating the existing PSA since the last report. UES continues to evaluate other supply options and contract structures in order to take advantage of opportunities as they are presented.

Very truly yours,

LEWIS AND ROCA LLP

Thomas H. Campbell

cc: Ernest Johnson, Utilities Division Director  
A.C.C. Compliance Manager  
All Parties of Record

AZ CORP COMMISSION  
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